

ORDINANCE NO. **12133**

AN ORDINANCE relating to cable communications, authorizing the King County executive to enter a settlement agreement between King County and Tele-Vue Systems, Inc., d/b/a Viacom Cable.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Findings of Fact:

A. In 1995 King County ("the county") granted Tele-Vue Systems, Inc., doing business as Viacom Cable ("Viacom"), franchise 11680 to provide cable television service within certain unincorporated areas of the county.

B. Franchisee is a direct, wholly-owned subsidiary of Viacom International Inc. ("VII").

C. TCI Communications, Inc. ("TCIC") and VII have entered an agreement which provides for, among other things, TCIC's purchase of all of the issued and outstanding shares of Class B common stock of VII, thereby giving TCIC indirect control of Viacom. As of the date of this ordinance, this transaction has not yet been completed.

D. Viacom and TCIC jointly submitted to the county an application requesting that the county approve the transfer of control of franchise 11680.

E. The county and TCI have negotiated modifications of franchise 11680 in connection with the proposed transfer of franchise 11680 from Viacom to TCIC and the renewal of certain other franchises held by TCI of Seattle, Inc., TCI of Auburn, Inc. and TCI of Southwest Washington, Inc. (collectively referred to as "TCI").

F. Franchise 11680 requires, among other things, that Viacom dedicate 20 mhz of capacity on the subscriber network and build an institutional network for the county which the county would own.

G. As a result of TCIC acquiring control of Viacom and the county and TCI reaching agreement on renewal of TCI's other franchises, the county has determined that it is in the county's best interest not to have 20 mhz of capacity on the subscriber network and for TCI, together with TCI Cablevision of Washington,

1 Inc., to own the institutional network and for the county to lease  
2 the institutional network.

3 H. The King County council has now determined that it is in  
4 the county's best interest for TCI to own the institutional network  
5 after its completion and the county to lease the institutional  
6 network.

7 I. Viacom has agreed to pay the county, upon consummation of  
8 transfer of control of the Franchise to TCIC, \$1,500,000 in cash in  
9 exchange for, among other things, the settlement agreement and  
10 certain modifications to franchise 11680.

11 SECTION 2. The King County executive is hereby authorized  
12 to execute the proposed settlement agreement, in substantially the  
13 same form as contained in Attachment A to this ordinance  
14 ("settlement agreement").

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